

**CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE
NAVEL AND VALENCIA ORANGE ADVISORY COMMITTEE
Meeting Minutes
September 29, 2004
Tulare, CA**

Members Attending

Nick Hill
Ron Matik
Robert LoBue
Ron Smith
David Roberts
Kevin Severns
Chris Frame

CDFA Representatives

Rick Jensen
Stacey Hughes
Gary Manning
Steve Patton
Jeff Cesca
Susan Shelton
Vic Tolomeo

Interested Parties

Jack Marks, Kern County
Sam Vorhees, Kern County
Gary Kunkel
Bob Blakely, CCM
Joel Nelson, CCM
Scotti Walker, Fresno County
Dennis Plann, Fresno County
Ken Chipchase, Paramount
Citrus

ITEM 1: ROLL CALL

The meeting was called to order at 1:05 p.m. and self-introductions were made. A quorum was established.

ITEM 2: APPROVAL OF MARCH 10, 2004 MEETING MINUTES

MOTION: Robert LoBue moved to accept the March 10, 2004 meeting minutes as submitted. Kevin Severns seconded. The motion passed unanimously.

ITEM 3: REVENUE REPORT, FUND BALANCE AND 2004/05 BUDGET APPROVAL

Before beginning her reports, Stacey Hughes recognized and thanked Ron Smith and Chris Frame for their work on the committee. This will be their last meeting as committee members. Stacey announced that Tim Farmer resigned last month, opening up a vacancy for a Southern California Handler member position. She also welcomed Ken Chipchase to the meeting and stated that he is a possible candidate for Chris Frame's seat on the committee.

Stacey gave the committee copies of the Navel and Valencia Program's Summary of Crop Year Revenue. She explained that this report reflects the collections of the 2003/04 crop season and is based on the number of containers shipped.

Stacey distributed a copy of the 2004/05 Proposed Budget and explained that the numbers are based on a fiscal year. She also stated that for consistency in the future, the crop revenue report could be changed from crop year reporting to a fiscal year reporting.

Stacey reviewed the proposed budget report with the committee. This report outlines the actual revenue and expenditures for the 2003/04 fiscal year and the proposed budget for the 2004/05 fiscal year. The budget (spending authority) proposed was \$640,000. A discussion ensued regarding the various line items.

MOTION: Ron Matik moved to approve the budget as presented. Nick Hill seconded. The motion passed unanimously.

ITEM 4: APPROVAL TO CONTINUE MAINTAINING BANK OF AMERICA ACCOUNT

The committee discussed the account type, interest rate, and financial institution. It was decided to continue with the Bank of America account.

MOTION: Ron Smith moved to continue maintaining the Bank of America account. Chris Frame seconded. The motion passed unanimously.

ITEM 5: AGRICULTURAL STATISTICS UPDATE

Vic Tolomeo from the California Agricultural Statistics Service passed out a copy of the 2004-05 California Navel Orange Objective Measurement Report. This report is based on an objective sampling method, which is derived from counts and measurements. The measurement report, released on September 10, 2004, forecast a record high of 92 million cartons. This number represents the harvestable tree crop, which included juice, etc. Also, the September 1st average diameter of 4.495 is the largest ever recorded.

Vic reported that the Acreage Survey on citrus would be completed in approximately three weeks. These results will be publicly released through mailings and the Internet.

ITEM 6: ORANGE CROP FUND CONDITION AND FUTURE WORKLOAD

Jeff Cesca from the CDFA Marketing Division reviewed the history of the \$189,000 that the Orange Crop Survey Program (OCSP) owes to the Navel and Valencia Program. He stated that based on incorrect calculations an overpayment of \$189,501 was made to the OCSP during the period of December 1, 1999 through December 31, 2002.

Jeff presented a Fund Condition Statement that outlined actual and projected revenues and expenditures for the OCSP from fiscal year 1999/2000 through fiscal year 2008/2009. This fund condition outlined a proposed five year repayment program where the OCSP would repay the Navel and Valencia program \$37,800 per year. The fund condition assumed that no acreage reports would be prepared, but did include District #1 activities.

Since the 2008/2009 projections show an approximate deficit of \$39,000, Vic Tolomeo suggested discontinuing separate district forecasts and only prepare one statewide forecast. This would allow for a smaller sample size in the southern district and result in lower data collection costs. There would still be a statewide forecast, though it would no longer be broken down by specific districts. This would provide a savings of approximately \$20,000.

MOTION: Ron Matik moved that the Orange Crop Survey program provide a state-level estimate by developing a state sampling plan, where all regions will be statistically represented. Nick Hill seconded. The motion passed unanimously.

ITEM 7: FUTURE NAVEL AND VALENCIA FUND CONDITION AND RESERVE

Stacey Hughes presented the committee with the Navel and Valencia Fund Condition Forecast handout. The handout displays various fund condition balances based on differing scenarios.

Rick Jensen stated that these scenarios are presented to demonstrate the impact that a freeze could have on program reserves. The committee discussed the implications of such a freeze on reserves and felt that the current reserve was appropriate. They asked program staff to provide an updated report for their review at the September 2005 committee meeting.

ITEM 8: ASSESSMENT DISTRIBUTION UPDATE

A. STANDARDIZATION FUND TRANSFER

Jeff Cesca explained that the five-year repayment plan would enable the orange crop survey to bring a positive balance forward each year. If a lump sum payment were made, then the fund balance would go to zero. The five year repayment plan gives orange crop the needed buffer to do work and get paid. Nick Hill suggested that a fund condition statement be brought before this committee each year so that the yearly repayment amount could be assessed and the next year's reimbursement can be determined.

B. REPAYMENT SCHEDULE FROM ORANGE CROP PROGRAM

It was stated that the funds would be transferred to Navel and Valencia in April or May of each year.

ITEM 9: PROPOSED FLEXIBLE ASSESSMENT STRUCTURE-LEGISLATION

Rick Jensen proposed an alternate way for the committee to control assessments. By statute, mil assessment is the following:

	<u>Current Assessment</u>	<u>Maximum Assessment</u>
Orange Crop	2 mil	2 mil
Navel	7 mil	9 mil
Valencia	2.5 mil	4 mil

Rick suggested that the industry might wish to consider developing legislation that would give the committee greater flexibility in establishing the assessment rate and funding for programs that provide service to the Navel and Valencia industries. The committee would then have the ability to review the budgets each year and establish the mil assessment for the coming year.

MOTION: Nick Hill moved for the committee to work with California Citrus Mutual and other industry leaders to re-write and find an industry entity to carry new assessment legislation. Ron Smith seconded. The motion passed unanimously.

ITEM 10: NOMINATION/ELECTION OF NEW OFFICERS

MOTION: Ron Smith moved to have David Roberts continue as Chair of the Navel and Valencia Orange Advisory Committee. Robert LoBue seconded. The motion passed unanimously.

MOTION: Ron Smith moved to have Robert LoBue continue as Vice-Chair of the Navel and Valencia Orange Advisory Committee. Robert LoBue seconded. The motion passed unanimously.

MOTION: Ron Smith moved to have Kevin Severns serve as Secretary of the Navel and Valencia Orange Advisory Committee. Robert LoBue seconded. The motion passed unanimously.

ITEM 11: OTHER BUSINESS

Stacey Hughes announced that county training classes have been scheduled. Northern California's class will be October 7, 2004, in Tulare and Southern California's class will be October 14, 2004 in Riverside.

ITEM 12: NEXT MEETING

The next meeting will be held in Bakersfield on December 8, 2004.

ITEM 13: ADJOURNMENT

As there was no other business to discuss, the Committee adjourned at 2:45 p.m.

Respectfully submitted by:

Stacey Hughes, Supervisor
Inspection and Compliance Branch
Inspection Services

SH/ss